

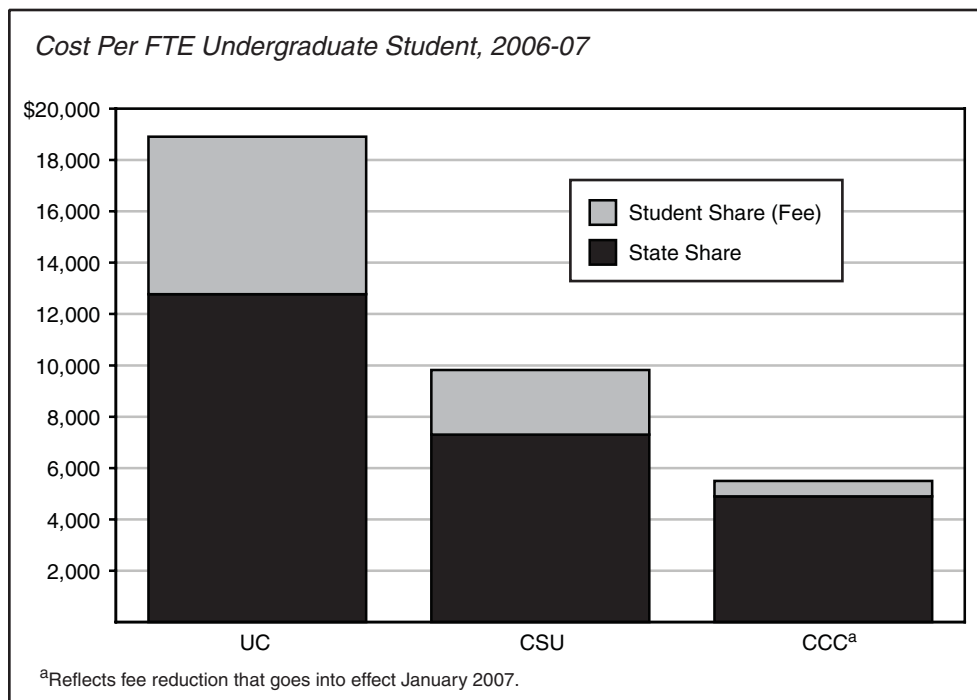
HIGHER EDUCATION: ANSWERS TO FREQUENTLY ASKED QUESTIONS

Who Pays Education Costs at California's Public Colleges and Universities?



Student Fees Cover Small Share of Education Costs

- Despite some increases in recent years, student fees continue to cover a small share of total education costs. The remainder is paid by the state using tax revenues and other funds.
- In 2006-07, the systemwide resident undergraduate fee at the University of California (UC), the California State University (CSU), and the California Community Colleges (CCC) covered 33 percent, 26 percent, and 11 percent, respectively, of each system's average operating cost per student (see figure below).
- Systemwide resident graduate fees at UC and CSU covered about one-fifth of the average operating cost per graduate student.
- Because they do not account for facilities costs, these figures actually *overstate* the share students pay. Facilities costs, which are difficult to calculate, can add roughly 20 percent to the annual cost of education.





Many Students Do Not Pay Education Fees

- While higher-income students pay education fees (unless they receive a scholarship), most lower-income students do not pay education fees.
- More than one-third of all UC and CSU undergraduates receive grants or waivers that fully cover education fees. About one-third of all CCC students receive fee waivers that fully cover education fees. (Measured differently, over 40 percent of full-time equivalent students at CCC receive fee waivers.) Most of these grant recipients are low- to middle-income students.
- Middle-income students at UC, CSU, and CCC who do not receive grants or waivers to cover their education fees may claim the federal Hope or Lifetime Learning tax credits. Both of these credits allow students with family incomes of up to \$107,000 to subtract all or a portion of their education fees from their families' tax liability.
- Of all students responding to a recent UC survey, 27 percent of undergraduates and 37 percent of graduate students claimed one of these tax credits. Dependent undergraduates whose parents reported incomes between \$60,000 and \$80,000 were most likely to claim the tax credits. (No data are available for the other segments.)

LAO References

- *Analysis of the 2006-07 Budget Bill* (page E-219).
- *Funding Higher Education: A Primer* (June 2005), page 21.
- *A Share-of-Cost Fee Policy* (April 2004).